



Arnold Schwarzenegger
Governor

February 22, 2010
22M:393:mem:9051

Mr. Bryan S. Rogers, Executive Director
City of Long Beach
Department of Community Development
3447 Atlantic Avenue
Long Beach, CA 90807

Dear Mr. Rogers:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Pacific Gateway Workforce Investment Network's (PGWIN) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Ms. Molly Maloney from January 26, 2009 through January 30, 2009.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by PGWIN with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with PGWIN representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, PGWIN's response to Sections I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on June 5, 2009, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding two cited in the draft report, no further action is required at this time. However, this issue will remain open until we verify your implementation of your stated corrective action plan during a future on-site review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 90132. Because your response did not adequately address finding one cited in the draft report, we consider this finding unresolved. We request that PGWIN provide the Compliance Review Office with an updated WIB roster and a corrective action plan to resolve the issue that led to the finding. Therefore, this finding remains open and has been assigned CATS number 90131.

BACKGROUND

The PGWIN was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, PGWIN was allocated: \$1,976,533 to serve 11,196 adult participants; \$2,068,233 to serve 365 youth participants; and \$1,522,066 to serve 120 dislocated worker participants. The PGWIN transferred 100 percent of dislocated worker funds to the adult program; therefore, dislocated workers will be served as adults in PY 2008-09 for the Pacific Gateway Learning Lab.

For the quarter ending December 2008, PGWIN reported the following expenditures for its WIA programs: \$1,658,529 for adult participants; \$948,235 for youth participants; and \$0 for dislocated worker participants. In addition, PGWIN reported the following enrollments: 5,761 adult participants; 115 youth participants; and 0 dislocated worker participants. We reviewed case files for 39 of the 328 participants enrolled in the WIA program as of January 26, 2009.

PROGRAM REVIEW RESULTS

While we concluded that, overall, PGWIN is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: WIB composition and applicant statements. The findings that we identified in these areas, our recommendations, and PGWIN's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA Section 117(b)(2)(A)(i-vi) states, in part, that membership of the local workforce investment board shall include representatives of business in the local area who are owners of

businesses, chief executives or operating officers of business, and other business executives or hiring authority; represent businesses with employment opportunities that reflect the employment opportunities of the local area; and are appointed from among individuals nominated by local business organizations and business trade associations.

Additionally, WIA Section 117(b)(2)(A)(i-vi) states, in part, that membership of the local workforce investment board shall also include representatives of labor organizations (for a local area in which employees are represented by labor organizations), nominated by local labor federations, or (for a local area in which no employees are represented by such organizations), other representatives of employees.

WIA Section 117(b)(4) requires, in part, that each local board shall have a majority of the members representing business in the local area.

Observation:

We observed that the composition of PGWIN's LWIB does not include the required majority of representatives of businesses in the local area. The 45-member WIB currently has 11 business representatives. Twelve additional business representatives are needed to meet the business representatives' majority requirement. We also observed that PGWIN's local board is missing 4 labor representatives.

Recommendation:

We recommended that PGWIN provide the Compliance Review Office (CRO) with a corrective action plan (CAP), including a timeline, for appointing the required members currently not represented on the board. We also recommended that once these positions are filled, PGWIN provide CRO with an updated roster of all members.

**PGWIN
Response:**

The PGWIN stated that its merger with the cities of Lomita and Torrance expanded its requirement for additional Board memberships within each city. With an almost concurrent execution and implementation of the State's requested Integrated Service Delivery System, PGWIN has continued its diligent efforts toward securing its mandated Board memberships. As of April 2009 six business members and one educational representative were recruited to serve on the Board. PGWIN anticipated that

the remaining slots would be filled within the July to September 2009 quarter.

State Conclusion: Based on PGWIN's response, we cannot resolve this issue at this time. While PGWIN has appointed 7 new members to fill out their WIB and made progress toward their business majority, as of December 2009, 5 business representatives and the 4 labor representatives remain missing. Again we recommend that PGWIN provide the Compliance Review Office (CRO) with a corrective action plan (CAP), including a timeline, for appointing the required members currently not represented on the board while achieving a business majority. We also recommend that once these positions are filled, PGWIN provide CRO with an updated roster of all members. This finding has been assigned CATS number 90131.

FINDING 2

Requirement: WIA Section 101(25)(B) defines a low income individual as an individual who received an income, or is a member of a family that received a total family income, for the 6-month period prior to application for the program involved that, in relation to family size, does not exceed the higher of the poverty line or 70 percent of the lower living standard income level, for an equivalent period.

20 CFR 660.300 defines self certification as an individual's signed attestation that the information he/she submits to demonstrate eligibility for a program under title I of WIA is true and accurate.

WSD08-3 requires, in part, a comparison of the applicant's actual family income with the lower living standard income level.

WIAD04-18, which transmits Title I Eligibility Technical Assistance Guide (TAG), provides guidelines for documenting general and youth eligibility. The TAG requires the use of acceptable documentation and it includes the economic eligibility criteria and additional requirements for youth. The latter refers to barriers, at least one of which a youth must have, in order to be determined eligible for WIA services, in addition to meeting the economic eligibility criteria (unless they are to be served through the five-percent exception window).

Although local areas have the flexibility and discretion to design documentation and verification systems, One-Stop operators, their subrecipients, and applicants must make reasonable efforts to document eligibility for WIA-funded programs. The use of applicant statements may be prudently used to document those items that are not verifiable or are unreasonably difficult for the applicant to obtain. However, an applicant statement is not considered a primary documentation source.

Observation: We found two of eight case files reviewed for PGWIN's subrecipient, Centro Community Hispanic Association, and one of four case files reviewed for its subrecipient, Goodwill Serving The People of Southern Los Angeles County, had applicant statements signed by 18 year old participants attesting to the approximate income of their parents. For example, one applicant statement reads, "My parents made about \$10,000 in the last six months." There is no documentation to substantiate eligibility such as, copies of pay stubs, statements signed by the parent, etc.

Recommendation: We recommended that PGWIN provide CRO documentation to substantiate that the participants meet low income eligibility for the WIA youth program. In addition, we requested that PGWIN provide CRO with a CAP, including a timeline, describing how it will ensure that, in the future, efforts to obtain supporting documentation are documented prior to accepting applicant statements.

PGWIN Response: The PGWIN provided CRO documentation to substantiate that the participants met low income eligibility for the WIA youth program. The PGWIN also stated that they have strengthened their controls by providing staff development to ensure eligibility staff and subcontractors make reasonable efforts to document eligibility for WIA funded programs. Eligibility staff and subcontractors have been trained on how to take and document acceptable applicant statements.

State Conclusion: The PGWIN's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future on-site visit, PGWIN's successful implementation of its stated corrective action. Until then, this

February 22, 2010

issue remains open and has been assigned CATS number 90132.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than March 22, 2010. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is PGWIN's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain PGWIN's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mechelle Hayes at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50
Larry Scaramella, MIC 50